

106TH CONGRESS
1ST SESSION

S. 1209

To amend the Internal Revenue Code of 1986 to restore pension limits to equitable levels, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 10, 1999

Mr. MURKOWSKI (for himself, Mr. STEVENS, and Mr. SANTORUM) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to restore pension limits to equitable levels, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. AMENDMENT OF 1986 CODE.**

4 Except as otherwise expressly provided, whenever in
5 this Act an amendment or repeal is expressed in terms
6 of an amendment to, or repeal of, a section or other provi-
7 sion, the reference shall be considered to be made to a
8 section or other provision of the Internal Revenue Code
9 of 1986.

1 **SEC. 2. GENERAL RETIREMENT PLAN LIMITS.**

2 (a) **DEFINED BENEFIT PLANS.—**

3 (1) **DOLLAR LIMIT.—**

4 (A) **IN GENERAL.**—Subparagraph (A) of
 5 section 415(b)(1) (relating to limitation for de-
 6 fined benefit plans) is amended by striking
 7 “\$90,000” and inserting “\$180,000”.

8 (B) **AGE ADJUSTMENTS.**—Subparagraphs
 9 (C) and (D) of section 415(b)(2) are each
 10 amended by striking “\$90,000” each place it
 11 appears in the headings and the text and in-
 12 serting “\$180,000”.

13 (C) **COLLECTIVELY BARGAINED PLANS.—**
 14 Paragraph (7) of section 415(b) (relating to
 15 benefits under certain collectively bargained
 16 plans) is amended by striking “the greater of
 17 \$68,212 or one-half the amount otherwise ap-
 18 plicable for such year under paragraph (1)(A)
 19 for ‘\$90,000’” and inserting “one-half the
 20 amount otherwise applicable for such year
 21 under paragraph (1)(A) for ‘\$180,000’”.

22 (2) **LIMIT REDUCED WHEN BENEFIT BEGINS**
 23 **BEFORE AGE 62.**—Subparagraph (C) of section
 24 415(b)(2) is amended by striking “the social security
 25 retirement age” each place it appears in the heading
 26 and text and inserting “age 62”.

1 (3) LIMIT INCREASED WHEN BENEFIT BEGINS
 2 AFTER AGE 65.—Subparagraph (D) of section
 3 415(b)(2) is amended by striking “the social security
 4 retirement age” each place it appears in the heading
 5 and text and inserting “age 65”.

6 (4) MULTIEMPLOYER PLANS AND PLANS MAIN-
 7 TAINED BY GOVERNMENTS AND TAX EXEMPT ORGA-
 8 NIZATIONS.—Subparagraph (F) of section 415(b)(2)
 9 is amended to read as follows:

10 “(F) MULTIEMPLOYER PLANS AND PLANS
 11 MAINTAINED BY GOVERNMENTS AND TAX EX-
 12 EMPT ORGANIZATIONS.—

13 “(i) IN GENERAL.—In the case of a
 14 governmental plan (within the meaning of
 15 section 414(d)), a plan maintained by an
 16 organization (other than a governmental
 17 unit) exempt from tax under this subtitle,
 18 a multiemployer plan (as defined in section
 19 414(f)), or a qualified merchant marine
 20 plan, subparagraph (C) shall be applied as
 21 if the last sentence thereof read as follows:
 22 ‘The reduction under this subparagraph
 23 shall not reduce the limitation of para-
 24 graph (1)(A) below (i) \$130,000 if the
 25 benefit begins at or after age 55, or (ii) if

1 the benefit begins before age 55, the equiv-
2 alent of the \$130,000 limitation for age
3 55.’.

4 “(ii) DEFINITIONS.—For purposes of
5 this subparagraph—

6 “(I) QUALIFIED MERCHANT MA-
7 RINE PLAN.—The term ‘qualified mer-
8 chant marine plan’ means a plan in
9 existence on January 1, 1986, the
10 participants in which are merchant
11 marine officers holding licenses issued
12 by the Secretary of Transportation
13 under title 46, United States Code.

14 “(II) EXEMPT ORGANIZATION
15 PLAN COVERING 50 PERCENT OF ITS
16 EMPLOYEES.—A plan shall be treated
17 as a plan maintained by an organiza-
18 tion (other than a governmental unit)
19 exempt from tax under this subtitle if
20 at least 50 percent of the employees
21 benefiting under the plan are employ-
22 ees of an organization (other than a
23 governmental unit) exempt from tax
24 under this subtitle. If less than 50
25 percent of the employees benefiting

1 under a plan are employees of an or-
 2 ganization (other than a governmental
 3 unit) exempt from tax under this sub-
 4 title, the plan shall be treated as a
 5 plan maintained by an organization
 6 (other than a governmental unit) ex-
 7 empt from tax under this subtitle only
 8 with respect to employees of such an
 9 organization.”

10 (5) COST-OF-LIVING ADJUSTMENTS.—Sub-
 11 section (d) of section 415 (related to cost-of-living
 12 adjustments) is amended—

13 (A) in paragraph (1)(A) by striking
 14 “\$90,000” and inserting “\$180,000”, and

15 (B) in paragraph (3)(A)—

16 (i) by striking “\$90,000” in the head-
 17 ing and inserting “\$180,000”, and

18 (ii) by striking “October 1, 1986” and
 19 inserting “July 1, 1999”.

20 (b) DEFINED CONTRIBUTION PLANS.—

21 (1) IN GENERAL.—Subparagraph (B) of section
 22 415(c)(1) (relating to limitation for defined con-
 23 tribution plans) is amended to read as follows:

24 “(B) the participants’ compensation.”

1 (2) CONFORMING AMENDMENT.—Section
2 415(n)(2)(B) is amended by striking “percentage”.

3 (c) COST-OF-LIVING ADJUSTMENTS.—

4 (1) PLANS MAINTAINED BY GOVERNMENTS AND
5 TAX EXEMPT ORGANIZATIONS.—Paragraph (1) of
6 section 415(d) (as amended by subsection (a)) is
7 amended by striking “and” at the end of subpara-
8 graph (B), by redesignating subparagraph (C) as
9 subparagraph (D), and by inserting after subpara-
10 graph (B) the following new subparagraph:

11 “(C) the \$130,000 amount in subsection
12 (b)(2)(F), and.”

13 (2) BASE PERIOD.—Paragraph (3) of section
14 415(d) (as amended by subsection (a)) is amended
15 by redesignating subparagraph (D) as subparagraph
16 (E) and by inserting after subparagraph (C) the fol-
17 lowing new subparagraph:

18 “(D) \$130,000 AMOUNT.—The base period
19 taken into account for purposes of paragraph
20 (1)(C) is the calendar quarter beginning July 1,
21 1999.”

22 (3) ROUNDING RULE RELATING TO DEFINED
23 BENEFIT PLANS.—Paragraph (4) of section 415(d)
24 is amended to read as follows:

25 “(4) ROUNDING.—

1 “(A) \$180,000 AMOUNT.—Any increase
2 under subparagraph (A) or (D) of paragraph
3 (1) which is not a multiple of \$5,000 shall be
4 rounded to the next lowest multiple of \$5,000.

5 “(B) \$130,000 AMOUNT.—Any increase
6 under subparagraph (C) of paragraph (1) which
7 is not a multiple of \$1,000 shall be rounded to
8 the next lowest multiple of \$1,000.”

9 (4) CONFORMING AMENDMENT.—Subparagraph
10 (D) of section 415(d)(3) (as amended by paragraph
11 (2)) is amended by striking “paragraph (1)(C)” and
12 inserting “paragraph (1)(D)”.

13 **SEC. 3. TREATMENT OF MULTIEMPLOYER PLANS UNDER**
14 **SECTION 415.**

15 (a) COMPENSATION LIMIT.—Paragraph (11) of sec-
16 tion 415(b) (relating to limitation for defined benefit
17 plans) is amended to read as follows:

18 “(11) SPECIAL LIMITATION RULE FOR GOVERN-
19 MENTAL AND MULTIEMPLOYER PLANS.—In the case
20 of a governmental plan (as defined in section
21 414(d)) or a multiemployer plan (as defined in sec-
22 tion 414(f)), subparagraph (B) of paragraph (1)
23 shall not apply.”

24 (b) COMBINING AND AGGREGATION OF PLANS.—

1 (1) COMBINING OF PLANS.—Subsection (f) of
 2 section 415 (relating to combining of plans) is
 3 amended by adding at the end the following:

4 “(3) EXCEPTION FOR MULTIEMPLOYER
 5 PLANS.—Notwithstanding paragraph (1) and sub-
 6 section (g), a multiemployer plan (as defined in sec-
 7 tion 414(f)) shall not be combined or aggregated
 8 with any other plan maintained by an employer for
 9 purposes of applying the limitations established in
 10 this section, except that such plan shall be combined
 11 or aggregated with another plan which is not such
 12 a multiemployer plan solely for purposes of deter-
 13 mining whether such other plan meets the require-
 14 ments of subsection (b)(1)(A).”.

15 (2) CONFORMING AMENDMENT FOR AGGREGA-
 16 TION OF PLANS.—Subsection (g) of section 415 (re-
 17 lating to aggregation of plans) is amended by strik-
 18 ing “The Secretary” and inserting “Except as pro-
 19 vided in subsection (f)(3), the Secretary”.

20 **SEC. 4. EFFECTIVE DATE.**

21 The amendments made by this Act shall apply to
 22 years beginning after December 31, 1999.

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